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UNCLAS YEREVAN 001806

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SUBJECT: DEMARCHE DELIVERED: WTO/DOHA TALKING POINTS

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[1](#)1. (SBU) On October 4 we delivered reftel points to Deputy Minister of Trade and Economic Development Tigran Davtyan. Davtyan said free trade is a GOAM priority and that the average tariff rate in Armenia is three percent. This average reflects the total amount collected under a streamlined tariff system whereby the GOAM collects no tariff on capital goods and a ten percent tariff on consumer goods. Davtyan pointed out that a proportional reduction in tariffs collected by WTO member states would be particularly burdensome on countries, like Armenia, which already have low rates. He argued that the WTO should put pressure on countries with high tariff rates before asking countries with low rates to further reduce tariffs.

[1](#)2. (SBU) On the issue of subsidies, Davtyan told us that Armenia has no export subsidies for any products, including agricultural products. He said the GOAM provides between five and ten million USD annually to the country's agricultural sector primarily through irrigation projects and micro-loans. According to Davtyan, in order to meet its obligations under the WTO, the GOAM must begin collecting VAT on agricultural products in 2009. Davtyan expects that subsidies to farmers will increase when VAT collections begin, because the GOAM will want to minimize the burden on local farmers. He said that any such increase would not exceed the amount permissible under current WTO regulations.
EVANS